

REPORT

OF

THE FACT FINDING COMMITTEE

ON

NEWSPAPER ECONOMICS

Submitted to the
Government of India
Ministry of Information & Broad casting

NEW DELHI

JANUARY 1975

PART I

(Report with Appendices and Annexures)

CHAPTER

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CHAPTER I

INTRODUCTION

1.1.1 The Fact Finding Committee on Newspaper Economics was set up by Government of India in the Ministry of Information and Broadcasting *vide* Resolution No 19/3/72-Press dated 14th April 1972 The Resolution read as follows

Resolution

In pursuance of the decision to enquire into the economics of the newspaper industry, the Government of India have decided to set up a Fact Finding Committee, consisting of non-officials and officials The composition of the Committee is as follows:

CHAIRMAN

1 Dr Bhabatosh Datta, Retd Professor Economics, Presidency College, Calcutta

MEMBERS

1 Shri R Rajagopalan, Chief Cost Accounts Officer, Ministry of Finance, New Delhi

2 Shri K C Raman, Retd Production Manager, M/s Bennett Coleman & Co Ltd, Bombay

3 *Shri I P Gupta, Officer on Special Duty Central Board of Direct Taxes, New Delhi

4 Shri G Govindan, Registrar of Newspapers for India, New Delhi (*Member-Secretary*)

2 The terms of reference of the Committee will be—

(i) to ascertain all the elements of the cost of production (including distribution to the reader) of the daily news papers and the relative magnitude of these elements in the different categories of newspapers,

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*Shri I P, Gupta is now Joint Secretary, Ministry of Finance Government of India

(ii) to ascertain all the different elements of the total revenue earned by the newspapers; and the relative magnitude of these elements in the different categories of newspapers;

(iii) to study, under both the above items, the trends during the past few years and forecast, to the extent possible, the normal changes likely to occur in the next year or two;

(iv) to evolve norms for different elements of expenditure from the point of view of reasonableness combined with efficiency and examine the prevailing levels of expenditure with reference to such norms; and

(v) on the basis of the above studies to record its findings in regard to the effect of restriction of newsprint supplies to different categories of newspapers and the fair prices to be charged by newspapers of different categories.

3. The Committee will consult newspaper managements and also working journalists, non-journalist workers and any other interested group that it may consider desirable to consult.

4. The Committee will meet as often as considered necessary. The headquarters of the Committee will be at New Delhi but it may visit such places as considered necessary for a proper and comprehensive study of the various aspects of the newspaper industry.

5. The Committee will evolve its own procedure.

6. The Committee will report its findings as soon as possible but not later than six months from the date of its constitution.

(Sd.)

R. C. DUTT,

Secretary to the Government of India.

1 1 2 The life of the Committee was extended from time till 31 January 1975 (*vide* Appendix I)

1 1 3 By a subsequent amendment of the Resolution 5 November 1973, Bawa Shiv Charan Singh, Advocate, Court, Delhi was appointed as an additional Member Committee (*vide* Appendix I 2)

1 1 4 By another amendment of the Resolution date August 1974, Shri A Datta-Majumdar, formerly Deputy Registrar in the office of the Registrar of Newspapers for I and till then functioning as Joint Secretary of the Commi was appointed as Member-Secretary of the Committee in pl of Shri G Govindan who proceeded on long leave due to illn (*vide* Appendix I 3)

1 1 5 The Committee held its first meeting in New Del on 8-9 May 1972 Sanction for the staff of the Committee wa issued on 29 July 1972 (*vide* Appendix I 4) During the first si months only two officers, the Administrative Officer and the Joint Secretary (who carried on till 9 November 1972 dual duties of Deputy Press Registrar in the office of the Registrar of Newspapers for India and Joint Secretary of the Committee) were in position During this period the Committee's work was managed as best as possible with the assistance of some members of staff of the Office of the Registrar of Newspapers for India It was not before December 1972 that most of the technical and secretariat staff of the Committee were in position Accomodation for the Committee's secretariat was available only in April 1973 There was considerable delay in recruiting some of the officers and staff who became available only in the second half of 1973.

Memoranda Invited

1 2 Soon after the first meeting of the Committee on adver tisement (*vide* Appendix I 5) was inserted in selected newspapers in different languages all over the country inviting memoranda from all interested persons, groups or associations on any or all of the subjects covered by the terms of reference of the Commit tee Only 28 memoranda were received by the Committee in res ponse to this advertisement A list of persons associations or ins titutions who submitted the memoranda numbering 46 till date s given at Appendix I 6 Soon after the first meeting of the Com mittee, on 18 May, 1972 a letter was addressed to publishers of l daily newspaper in the country requesting them to send copies the balance sheets and profit and loss accounts, annual re rts etc, from 1967 onwards

Questionnaire Addressed to Daily Newspapers

1.3 The Committee undertook a preliminary study of a few newspaper units, namely, the *Hindu* (English), Madras, the *National Herald* (English), Delhi and Lucknow and the Pratap (Urdu) New Delhi, following which a detailed questionnaire (*vide* Appendix I.7) designed to elicit factual data on different aspects of daily newspaper economics was framed. There was some delay in getting the questionnaire printed, which was sent out to 756 daily newspapers in the first week of September 1972. The newspapers were asked to submit replies to the questionnaire by 15 October 1972. In view of the representations received in this behalf from certain newspapers and newspaper associations, the last date was extended till 15 November 1972. Newspapers were accordingly informed individually and also through a press statement issued by the Chairman of the Committee (*vide* Appendix I.8). In this press statement a reference was also made to para 13 of the Explanatory Note to the questionnaire and the newspapers were asked to send their estimates for 1972 onwards without reference to the ten-page ceiling for allocation of newsprint, which had been struck down by the Supreme Court in its Judgment of 30 October 1972 in the Newsprint (Bennett Coleman & Co. and Others) case. All newspapers were also individually advised accordingly.

Inadequate Response from Newspapers

1.4.1 Despite reminders sent to the newspapers and the aforesaid press statement appealing to the newspapers to send replies to the questionnaire expeditiously, the number of replies received from the newspapers was very inadequate.

1.4.2 At one stage the President of Indian and Eastern Newspaper Society addressed a letter, dated 25 November 1972, to the Minister of State for Information & Broadcasting (a copy of which was endorsed to Member-Secretary of the Committee), saying that the object of setting up of the Fact Finding Committee had become "Infructuous and redundant" in the light of the Supreme Court judgment in the Bennett Coleman & Co. and Others (Newsprint) case, which had struct down certain provisions of the newsprint allocation policy for 1972-73. The IENS President contended that it was in the background of the restrictions imposed by the Newsprint Allocation Policy 1972-73 that the Fact Finding Committee on Newspaper Economics had been set up to find out the effects of those restrictions. He, therefore, requested the Government that the Committee should not continue its work any further as it would not serve

any useful purpose In a subsequent letter dated 7 December 1972 the IENS President said that the Society's earlier letter was based on the assumption that perhaps the Committee was appointed with the precise and only purpose of examining the desirability and validity or otherwise of the Government's decision to fix the selling price of newspapers and to restrict the number of pages to 10 However, on subsequent consideration it was felt that members should fully cooperate and furnish the information asked of them Accordingly, the Society is advising all its members to assist the Committee in its work" Nevertheless, in actual fact many newspapers, including members of the IENS, did not furnish the required information and data asked for by the Committee

1 4 3 Earlier while forwarding the Society's memorandum to the Committee the IENS President had said in his letter of 3 August 1972 as follows

'Some of the terms of reference fixed for the Fact Finding Committee are simply fantastic as they completely ignore the aspects of practicability and constitute gross inteference in the administration of daily newspapers That apart, evolution of fixed norms of expenditure on different heads in newspaper establishments is just not possible Fixed norms of expenditure are impracticable in any industry and more so in newspapers, which deal with human pursuits and intellectual matters and this fixation will have disastrous consequences on their working Similarly, any attempt to lay down sale prices of daily newspapers, which are based on a fine balance between revenues derived from advertisements and their sales to meet total production and distribution costs will have adverse effects on the finances of daily newspapers"

While tendering evidence before the Committee in June 1974, a spokesman of the IENS reiterated the objection raised earlier by the Society in its memorandum, to two terms of reference of the Committee relating to determination of fair prices and norms of expenditure as being impracticable and a "futile exercises" as any effort on the part of the Government to act in this regard would contravene the fundamental right guaranteed in the Constitution The Committee, however, explained to the IENS representatives that it had no preconceived ideas about determination of fair prices or norms of expenditure and that the Committee's recommendations would be objective and based on the facts and information collected in course of the inquiry

Committee's Resolution Communicated to Government

1.5 In its meeting held on 7-8 March 1973 the Committee considered the position of replies received to its questionnaire and resolved as follows:

The Fact Finding Committee on Newspaper Economics in its meeting held on 7 March 1973 decided that the Government should be immediately informed about the position created by the delay or unwillingness on the part of some of the major papers in submitting replies to the Questionnaire.

2. The Questionnaire was issued in the first week of September 1972. Replies were to be sent by the newspapers on or before October 15, 1972. The last date was extended to November 15 by a subsequent notification. The position at the end of February 1973 is shown in the annexed statement.

3. Among the newspapers that have not submitted the required data are major papers belonging to the *Indian Express, the Thanthi, the Hindustan Times* and the *Statesman* groups. There has been serious default from other papers as well. Notable among them are: *Kerala Kaumudi, Sandesh, Sakal, Bombay Samachar, Gujarat Samachar, Kannada Prabha, Navakal, Maratha, Jagaran* and *Aj*. It is, however, expected that any steps that may be adopted for getting data from the major papers will be effective in security information from other papers also.

4. The Committee is of the view that an analysis of the economics of newspapers will be meaningless without material from all the major papers. The data already available cannot be treated as representative samples because these have been supplied by papers which have themselves chosen to supply them. Facts are particularly necessary from the dailies which, for some reasons of their own, appear to be unwilling to supply the information.

5. In principle, the subject of a study should not have the right to opt itself out of the coverage of the study. If this right is conceded, there can never be a dependable study of any important subject required data from different sources.

6 If the study entrusted to the Committee is considered necessary and if the study is not to be allowed to become infructuous simply because the major papers do not supply data, the Government will have to take effective and urgent steps to induce or compel the defaulting papers to supply the information quickly The Committee will also require powers to examine the data available in the books of the newspapers in order to check inconsistencies and other more serious deficiencies

7 As agreed earlier at a meeting of the Committee with the Minister of State for Information and Broadcasting on November 30, 1972 the Committee will require, for processing the data and writing the report six months time from the date on which sufficient information has become available

The above decision of the Committee was communicated by Chairman of the Fact Finding Committee to Minister of State for Information and Broadcasting in his letter dated 8 March 1973

Powers Conferred under the Commissions of Inquiry Act

1 6 On 26 April 1973 Government conferred on the Committee powers under the Commissions of Inquiry Act 1952 (60 of 1952) by a notification published in the Gazette of India Extraordinary (*vide* Appendix I 9) In a statement made in the Lok Sabha on 27 April 1973 (and later in the Rajya Sabha on 3 May 1973) the Minister of Information and Broadcasting Shri I K Gujral referred to the tardy response to the Committee's efforts to obtain information and data required for the study entrusted to it and observed as follows

> "It was hoped, when the Committee was set up that newspapers would extend their wholehearted co operation to it, as its study and findings would be a significant contribution to a proper appreciation of the problems of the newspaper industry as a whole In view however of the considered opinion of the Committee in the light of its experience during the last six months, it has been decided by Government to invest the Committee with powers under the Commissions of Inquiry Act, 1952 so that it may have the legal authority to obtain the necessary information and data from the newspapers and submit its report to Government as early as practicable A Notification issued in this connection is placed on the Table of the House"

Fresh Notices Issued to Newspapers

1.7 On 19 May, 1973, following the conferment of powers under the Commissions of Inquiry Act, fresh notices were issued by the Committee to all defaulting newspapers to furnish replies to the questionnaire on or before 30 June 1973. Although some more replies to the questionnaire were received following this, there were still considerable gaps especially with regard to medium and small papers. The managing director of a major newspaper group, namely, the *Statesman*, Calcutta and Delhi, addressed a very long letter dated 21 June 1973 to Chairman of the Committee objecting to certain terms of reference of the Committee such as those relating to fixation of fair prices and determination of norms of expenditure of newspapers. The managing director requested the Committee not to press for replies to the questionnaire from the *Statesman*. In his reply dated 7 July, 1973, Chairman said:

> "... .I have consulted my colleagues on the contents of your letter. We have sent the same questionnaire to all the papers. The response is satisfactory. I am sure you will recognise that we cannot treat any individual paper differently from the others."

Writ Petition and Judgment

1.8.1 Thereafter the Statesman Ltd. and its managing director as joint petitioners filed a writ petition before the Calcutta High Court on 19 July 1973 challenging the validity of the constitution of the Fact Finding Committee on Newspaper Economics and conferment of powers of a Commission of Inquiry on the said Committee as being violative of the fundamental rights of freedom of speech and expression of the petitioners. The petitioners also charged the Central Government of *mala fides* and hostility towards the large newspapers having a national circulation, and prayed for a writ of mandamus as well as an interim injunction directing the Government and the Committee not to proceed further with the Committee's work.

1.8.2 Two interim affidavits were filed by the Committee and the Union of India before the High Court on 27 August 1973 opposing the said writ petition and the prayer for interim injunction. Affidavits in opposition in respect of the main writ petition were submitted by the Committee and the Central Government in February 1974. A separate application for interim injunction from the petitioners moved before the Calcutta High Court on 6

March 1974 was not granted by the Court and an early date for hearing of the main writ petition was fixed for 13 March 1974 The hearing in the writ petition case continued till March 27. In his judgment delivered on 22 April 1974, Hon Justice M M. Dutt rejected the main contentions of the petitioners and held the constitution of the Fact Finding Committee as valid The Court, however, held that powers under section 5 of the Commissions of Inquiry Act, including the power to require information, had not been validly conferred on the Committee but gave liberty to Government to amend the Notification dated 26 April 1973 and thereafter issue a further notification to give the Committee necessary powers under Section 5 of the Commissions of Inquiry Act

Amendment of Notification of 26 April 1973

1 9 An amending Notification No 195(E) dated 29 April 1974 and a fresh Notification No 199(E) dated 30 April 1974 were accordingly issued by Government to confer the necessary powers on the Committee (*vide* Appendices I 10 and I 11)

Fresh Legal Notices to Defaulting Newspapers

1 10 Thereafter on 13/15 May 1974 the Committee issued fresh legal notices to the defaulting newspapers including the *Statesman* to furnish replies to the questionnaire and other information required by the Committee The managing director of the Statesman Ltd, finally submitted combined replies to the Questionnaire for its Calcutta and Delhi editions on 8 August 1974 when he appeared before the Committee at Calcutta for tendering evidence but not separate replies in respect of each edition as required by the Committee

Effective Number of Dailies to be Studied

1 11 1 Although the Committee's questionnaire was addressed to 756 dailies, 39 of these came back undelivered to the Committee's office as the addressees had either left or were not traceable or because the newspaper concerned had ceased publication The Committee started originally with a list of 821 newspapers on the record of the Registrar of Newspapers for India as on 31 December 1971 Later the Committee considered the record of newspapers as at the end of 1972 and eliminated newspapers which had meanwhile ceased publication The Committee decided not to include in its study dailies which started during 1972 as these would not be able to give data for even one whole year It was also decided to take into account 1972 circulation data Where 1972 figure was not available, 1971 circulation was taken into account

1.11.2 In the course of the Committee's further correspondence some more newspapers either said that they had ceased publication or were found to be not in existence or were not traceable at their registered addresses. Communications came back undelivered to the Committee's office with postal remarks such as 'left', 'press always closed', 'locked', 'not known', 'refused' and 'is not functioning'. A list of 66 such papers was referred to the Newspaper Section of Registrar's office at Simla, which confirmed in August 1973 the cessation of at least 30 among them. Besides, many papers only existed nominally on the record of the Registrar of Newspapers but were not furnishing either annual reports or circulation data. Cases of some other papers came to light which were found by the Circulation Cell of the Registrar's Office to have either ceased publication meanwhile or existed only in name, having neither any office nor press nor any newspaper activity worth mention. After eliminating all such cases and other cases where circulation figures and annual reports had not been received by the Registrar's office either for 1971 or 1972 and which had also not applied for newsprint allocation, only 534 daily newspapers remained to be studied (*vide* Appendix 1.12).

Sampling

1.12.1 It was decided by the Committee in May 1973 to have information from all the big newspapers (circulation 50,000 and above) and to resort to sampling in the lower circulation ranges as indicated below:

Circulation range	Percentage
30,001 -50,000	50
15,001- -30,000	33⅓
5,001 -15,000	20
upto 5,000	5

1.12.2 It was also decided that all dailies belonging to the major chains/groups (described in Press Registrar's reports as "common ownership units*") should be included in the Committee's *study irrespective of the magnitude of their circulation.*

*By "common ownership unit" the Registrar of Newspapers means two or more news interest newspapers, of which one at least is a daily, under the same owner(s). Closely interlinked concerns also come within the Registrar's conception of a common ownership unit.

Chains/groups having at least one daily with a circulation of above one lakh were considered by the Committee as major groups for this purpose Samples of the newspapers in circulation ranges 50 000 and below were drawn with the assistance of the Sampling Division of the Central Statistical Organisation The number of newspapers selected for study in the various circulation ranges are indicated below

Circulation category*	Number of newspapers selected for study
Above 50 000	41
30 001—50 000	13
15 001—30 000	13
5 001—15 000	25
5 000 and below	20
	112

The sampling percentage in the lowest circulation range was raised to bring the number of sample newspapers in this range up to 20 Besides the 112 newspapers selected 28 other dailies belonging to major groups (as explained above) were also selected thus bringing the total number of dailies to be studied by the Committee to 140 (*vide* Appendix I 13)

1 12 3 Till the time of final compilation of tables and in spite of several reminders including legal notices threatening prosecution to the defaulting newspapers the Committee was finally able to obtain replies to the questionnaire from 116 papers (*vide* Appendix I 13) out of the 140 papers selected for study One of the selected newspapers *Panj Amirutham* (Tamil) Madras meanwhile ceased publication

*[illegible]

assigned the h gher category

1.12.4. The publisher-proprietor of another sample paper; *Vijaya* (Kannada), Mysore—a small paper with a circulation of 495 in 1972—stated that he had not maintained any accounts and that he had started doing so only from January 1974. Six others among the sample papers said that they had no trained staff and hence could not fill the Committee's questionnaire without assistance. A list of the dailies which did not reply to the Committee's questionnaire is given at Appendix I.14.

1.12.5. The Committee drew the samples of the newspapers in the circulation ranges 50,000 and below in November 1973 and thereafter pursued only the selected papers in these circulation ranges for furnishing replies to the questionnaire and for other information and documents required by the Committee. In addition to the 116 replies to the questionnaire received from the selected papers, 77 more replies were received from non-sample papers. Out of these 42 replied to the questionnaire before the use of coercive powers by the Committee and the remaining 35 were received later. A list of the 77 non-sample papers, including the 42 which replied before the use of coercive powers by the Committee is given at Appendix I.15.

Oral Evidences

1.13. The Committee decided to take oral evidence from newspaper managers and others only after sufficient data about the newspapers had become available and been studied. The Committee started taking oral evidence in June 1974 (except for one witness who was examined in January 1974). The taking of evidence continued till November 1974 at Delhi, Bombay, Madras and Calcutta. All parties who had submitted written memoranda before the Committee were considered for being called by the Committee for oral evidence. Besides, newspaper managers and accountants, representatives of associations of newspaper employers and employees, advertisers' and advertising agencies' associations, Government officials and others were also examined by the Committee to elicit information on various aspects of newspaper economics. Newspapers in different circulation ranges, different languages and different regions were selected for evidence. A list of the witnesses examined at the different centres is given at Appendix I.16.

Reconciliation of Discrepancies and Inconsistencies

1.14 Replies to the questionnaire furnished by newspapers were subjected to scrutiny and newspapers were asked to submit missing information and to reconcile any discrepancies or inconsistencies in the replies. A large number of letters and telegrams

were addressed to the newspapers in this connection Replies from many of the newspapers to these letters have not been prompt and a good deal of effort had to be made before obtaining fuller and more consistent replies from as many newspapers as possible within the time available for completion of the study Defaulting newspapers were issued summons more than once to appear before the Committee and/or to submit the required information on pain of prosecution in the event of further default Some newspapers persistently refused on some pretext or the other, to furnish the required information despite all these efforts of the Committee

Balance Sheets and Profit and Loss Accounts

1 15 Newspapers were asked by the Committee to furnish copies of their balance sheets and profit and loss accounts from 1967 onwards and including the accounting year ending 1973 The information obtained by the Committee so far as balance sheets and annual accounts of the newspapers are concerned has been dealt with in Chapter V, paras 5 4 3 and 5 4 4 Assistance of Registrars of Companies and of Commissioners of Income tax in some regions was also sought to obtain copies of the required balance sheets in respect of some companies

Proformae on Impact of Newsprint Quota Cut and Printing Machinery

1 16 Besides the questionnaire and the balance sheets and profit and loss accounts, the Committee also obtained information through two other proformae on (i) impact of the cut in newsprint quota short supply and high prices of newsprint and (ii) printing and composing machinery equipment of newspaper presses (*vide* Appendices I 17 and I 18) which were addressed to selected newspapers in January 1974 and June 1974 respectively Replies to these proformae were received from 119 and 112 newspapers respectively (*vide* Appendices I 19 and I 20) The names of the dailies which did not reply to these proformae are given at Appendices I 21 and I 22 Seven dailies stated that they did not have their own printing press A list of these dailies is given at the end of Appendix I 20

Action against Defaulting Newspapers

1 17 Fourteen newspapers which were persistently refusing to reply to the Committee s questionnaire and to furnish other information required by the Committee were intimated by letters dated 7 8 November 1974 that the Committee had decided to

launch prosecution against them but that, if within ten days of the receipt of the letter the required information was furnished, the question of prosecution might be reconsidered. The Committee thereafter waited till 25 November 1974 after which it was not found possible to include any fresh data in the major statistical statements compiled by it. The cases of these 14 defaulting newspapers (*vide* Appendix I.23), which did not reply to the Committee's questionnaire were thereafter referred to the appropriate Government department for taking necessary legal steps. It has already been mentioned that the *Statesman*, Calcutta and the *Statesman*, Delhi did not furnish separate replies to the questionnaire as required by the Committee. In reply to the Committee's requisition addressed to the Managing Director of the Statesman on 17 September 1974 to furnish separates replies in respect of the two editions of the paper (as in the case of other major multi-edition dailies in the country), the Secretary of the *Statesman Ltd.* sent a lengthy letter dated 8 November 1974 explaining why it was not possible for them to furnish separate replies for the two editions. The Committee considered the reply unsatisfactory and as such the cases of the two editions of the *Statesman* have also been referred to the appropriate Government Department for necessary legal action.

Visits to Newspaper Presses

1.18. The Chairman and Members of the Committee, along with some officials of the Committee, visited the offices and presses of six newspaper establishments representing ten dailies at different centres with a view to obtaining first hand knowledge of the actual working of the newspapers. A list of the newspaper presses/offices visited, with dates, is given at Appendix I.24. The projected visit of the Committee on 5 July 1974 to the *Times of India* press in Bombay had to be cancelled due to dislocation of normal life in the city owing to extraordinarily heavy rain.

Duration of Inquiry

1.19. Hardly any study had so far been made in the field of newspaper economics in India. The Committee had thus to break new ground and a good deal of care and scrutiny had to go into the work. Apart from the delay in sanction and recruitment of staff and availability of office accommodation and even of funds at certain stages, the Committee's work was seriously impeded, first, by lack of adequate response from the newspapers when data were expected to be supplied by the papers on a voluntary

basis and, thereafter, further delayed by a writ petition filed in a High Court challenging the constitution of the Committee as well as the Commission of Inquiry powers conferred on it The following are some of the important dates to be noted in this connection

14 April 1972	Appointment of the Committee
8 9 May 1972	First meeting of the Committee
7 8 March 1973	Committee expressed disappointment at the lack of response from the newspapers to its questionnaire and passed a resolution requesting for powers to compel compliance
26 April 1973	Government notification conferring on the Committee powers under the Commissions of Inquiry Act
19 May 1973	Fresh notices issued by the Committee to defaulting newspapers in terms of the notification of 26 April 1973
13 July 1973	Writ petition filed by the Statesman in the Calcutta High Court challenging the validity of constitution of the Committee and conferment of powers on it under the Commissions of Inquiry Act
13 27 March 1974	Hearing of the Writ petition case
22 April 1974	Judgment of the Calcutta High Court upholding the validity of constitution [illegible] under section 5 of the Commissions of Inquiry Act which includes the power to require information
29 30 April 1974	Amendment of government notification of 26 April 1973 and issue of fresh notification thereafter conferring powers under section 5 of the Commissions of Inquiry Act including the power to require information

Twenty Months Lost

1 20 1 The Committee s work has apparently taken 32 months counting from the date of its first meeting Out of these nearly 10 months were lost in waiting for voluntary compliance

with the request for data. The ten-page limit on the allocation of newsprint to daily newspapers, imposed by Government in the Newsprint Allocation Policy for 1972-73 was struck down by the Supreme Court in the Bennett Coleman and Others (Newsprint) case on 30 October 1972 (AIR 1973, Supreme Court 106). The Committee thereafter issued a notification amending that part of its questionnaire where information was sought on a ten-page ceiling basis. Many newspapers, however, considered the Committee's study unnecessary after the Supreme Court Judgment and such a view was also initially expressed by the IENS.

1.20.2. Soon after the issue of the Government notification giving powers to the Committee for compelling compliance of its requisition for information under the Commissions of Inquiry Act and the Committee's fresh notice to defaulting newspapers asking for data under that Act, came the Writ petition from the *Statesman* in the Calcutta High Court. It took about 9½ months from the date of filing the case to the date on which amended orders were issued by Government in accordance with Court's judgment. While the *Statesman* case was pending in the High Court, many other papers also held back information waiting for the results of the case. The Committee could start using its full powers only after the end of April 1974 and oral evidence could also start only after the legal position had become clear. The Committee thus lost about twenty months, first, on account of lack of powers and, later on account of the Court case.

Meetings of the Committee

1.21. The Committee held twenty-two meetings on the dates and places shown at Appendix I.23.

Scheme of the Report

1.22.1. The report of the Committee is in two parts. Part I being the main report at the end of which come the appendices and annexures. Part II of the report contains some further Annexures, the summarised balance-sheets and profit and loss accounts of 63 selected newspaper undertakings enterprisewise.

1.22.2. The Report of the Committee as contained in the succeeding chapters, covers the entire field of the economics of the newspaper industry, with particular emphasis on the points listed in the terms of reference. In order to facilitate the full understanding of the problem, the general background of the daily press in India has been described in Chapter II. This Chapter is entirely based upon the material already available in

the published reports and other records of the Registrar of Newspapers for India This is followed by Chapter III which deals with the general features and the special problems of the economics of the daily newspapers with emphasis on the dual sources of revenue and on the crucial factors operating on the cost side The next chapter Chapter IV gives an account of the technique of newspaper production and also studies the problems of capital equipment An examination is also made of the import policy of the Government in regard to printing machinery spare parts etc The three chapters that follow (Chapters V VI and VII) analyse the financial data collected by the Committee relating to the capital investments in newspaper undertakings their profitability and their revenues and costs These chapters are based on balance sheets and annual accounts and also on the replies obtained by the Committee to the main questionnaire issued by it Chapter VIII analyses the replies received from newspapers to the supplementary set of questions sent to them regarding the impact of the 30 per cent cut in newsprint quota imposed in July 1973 The non financial data available in the questionnaire have been analysed with special emphasis on advertisements in Chapter IX and on employment and wages in Chapter X The next chapter (Chapter XI) deals with the most important single element in the cost of production of newspapers namely newsprint The study covers domestic production import and distribution of newsprint among the different types of dailies An attempt has been made in Chapter XII to discover whether any norms of expenditure can be defined either for the newspaper industry as a whole or for particular categories This chapter also contains the Committee s recommendations on the question of fair prices Finally there is Chapter XIII which includes a study of a number of important matters which though not directly within the terms of reference emerge out of the discussion on the economic problems The report concludes with Chapter XIV which gives a summary of the recommendations We have not attempted to summarise the findings because ours being a fact finding inquiry any attempt to summarise the conclusions torn away from the context the detailed discussion and the facts presented before arriving at any conclusion is likely to be misleading in many instances Summaries have however been appended to the chapters analysing the financial data

Acknowledgement

1 23 1 Before concluding this chapter the Committee would like to express its appreciation of the newspapers and newspaper undertakings which were prompt in furnishing information and data required by the Committee despite the general atmosphere

of reluctance to supply information on the part of a majority of the newspapers. We have given at Appendix 1.26 at the end of the report a list of the sample as well as non-sample papers which furnished information before the Committee used the coercive powers vested in it under the Commissions of Inquiry Act.

1.23.2. The Committee is particularly grateful to the management of the three papers—*The Hindu*, Madras; *Pratap*, Delhi and *National Herald*, Delhi and Lucknow—which agreed to give facilities to the Committee for a preliminary study (in the light of which a detailed questionnaire was subsequently framed), and the other newspapers whose offices and presses the Committee visited (*vide* Appendix 1.24).

1.23.3. Shri G. Govindan, Registrar of Newspapers for India, was our first Member-Secretary. The Committee was greatly benefited by his wide knowledge and deep understanding of all the problems of the Indian daily press. His clear and balanced judgment was of immense help to the members of the Committee in their evaluation of the conflicting views and opinions that flowed in. It was unfortunate that he had to take long leave on account of illness and then to take up another appointment. The Committee suffered a serious loss in being deprived of his services and advice at a crucial stage of its work.

1.23.4. Shri A. Datta-Majumdar, who had been Joint Secretary to the Committee from the beginning, was appointed Member-Secretary with effect from 13 August 1974. He devoted himself whole-heartedly to the work of the Committee, both administrative and technical, and he bore patiently the burdens and strains that were necessarily connected with the work. The Committee also benefited from his experienc as Deputy Press Registrar, which enabled him to provide the necessary background information for all discussions.

1.23.5 The work of collating and processing the financial data supplied by the newspapers through their replies to our questionnaire and of analysing the balance sheets was done by a group in the Cost Accounts Branch, Ministry of Finance, under the supervision of our Member, Shri R. Rajagopalan. The Committee places on record its deep appreciation of the painstaking and efficient work done by the group and, in particular, by Shri A. Kumar, Shri M. L. Mehta, Shri S. R. Rao and Shri C. D. Vashist.

1.23.6 The Committee is happy to record its appreciation of the services of a very devoted band of extremely hardworking and efficient officers and staff on the Committee's secretariat. The

names of the members of the staff are given at Appendix I 27 Special mention may be made of the following Shri Surendra Mohan (Research Officer), Shri Subhendu Dasgupta (Assistant Research Officer), Shri K C Banerjee (Private Secretary to Chairman), Shri J S Tuli (Administrative Officer) and Capt G Mukherjee (Assistant Research Officer) The two last named officers have been associated with the Committee's work almost from the beginning

1 23 7 As stated earlier the office of the Registrar of Newspapers rendered secretariat assistance to the Committee in the initial stages, before the recruitment of the Committee s own staff and also furnished various information required by the Committee from time to time The Press Information Bureau Calcutta Madras and Bombay, the Directorate of Advertising and Visual Publicity, the office of the Registrar General of India, the State Trading Corporation and the Hindustan Paper Corporation rendered the Committee valuable assistance in supplying information required by the Committee In particular, the Press Information Bureau, Calcutta was very helpful in various ways before the setting up of a small office of our Chairman in Calcutta The Registrars of Companies in different regions made available to the Committee copies of balance sheets and profit and loss accounts of some of the newspaper undertakings which were not otherwise forthcoming The Income-Tax Commissioners in the different regions assisted the Committee with information and documents whenever required The Income-Tax Commissioners, Bombay, Madras and Calcutta, also assisted the Committee by making available their conference rooms and guest house accommodation for officers and members of the Committee during the Committee's tour of the respective centres An Income-tax Officer at Madras, Shri P P Menon, made available his services as an interpreter when a newspaper representative from Kerala gave his evidence in Malayalam

1 23 8 We are grateful to Shri S K Gupta, Joint Director of the Central Statistical Organisation (Sampling Division) and his Assistant Director, Shri Prakasa Rao, who helped the Committee in drawing the samples of the papers in circulation categories 50 000 and below

1 23 9 Finally the Committee would like to thank the large number of representatives of newspapers, associations of newspaper employers and employees and other official and non official witnesses who took the trouble of appearing before the Committee and gave the Committee the benefit of their experience

CHAPTER II

THE DAILY PRESS—GENERAL BACKGROUND

2.1.1. A "newspaper" has been defined in India's Press and Registration of Books Act, 1867 as meaning "any printed periodical work containing public news or comments on public news". A newspaper according to this Act, may thus be a daily, a tri or bi-weekly, weekly, fortnightly or a publication which appears at longer intervals. According to the UNESCO, "daily newspaper" means a newspaper issued at least four times a week*. Although the Press and Registration of Books Act in India does not define a daily newspaper in the same manner as the UNESCO *Statistical Year Book*, the Registrar of Newspapers for India in his annual report entitled *Press in India* has adopted the UNESCO definition of a daily newspaper as meaning a publication issued at least four times a week. Apart from the fact of periodicity, a daily newspaper serves, through the printed word, as primary source of news, or comments thereon to the reader. Before publishing a newspaper in India the publisher and printer have to file a declaration in the prescribed form before a competent magistrate. In the case of a daily newspaper the declaration becomes invalid if, during any period of three months, at least half the number of issues which should have been published have not been published. In that event the printer and publisher of the daily have to file a fresh declaration before resuming its publication.

2.1.2. In this chapter an attempt has been made to give a general background of the daily press, mainly based on the information and statistics available in the annual reports of the Registrar of Newspapers for India, before discussing the particular field of newspaper economics. For the year 1973 the figures given in this and subsequent chapters are provisional.

Number and Circulation of Dailies

2.2.1. The number and circulation of dailies during the period 1967 to 1973 are shown in the following table. The percentage increase or decrease in circulation in each year, compared to the previous year, is also shown.

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*UNESCO : *Statistical Year Book* 1967, p 443.

TABLE II 1

Number and circulation of dailies (1967—1973)

Year	Total number	Number for which circulation available	Circulation (lakhs)	Percentage increase decrease in circulation compared to previous year
1973	830	610	94 36	+6 3
1972	793	557	88 73	—2 5
1971	821	534	90 96	+9 6
1970	695	485	82 99	+8 0
1969	650	449	76 87	+5 0
1968	636	479	73 21	+4 1
1967	588	450	70 30	—5 6

2 2 2 The daily papers for which circulation figures are not available are mostly small ones and, in some cases it is possible that these have ceased publication In any case, the total circulation of the non reporting papers cannot be very large and it is safe to infer that the total circulation of daily newspapers in India has not yet crossed the one crore mark

2 2 3 The number of daily newspapers in India rose from 588 at the end of 1967 to 830 at the end of 1973 and their combined circulation rose from 70 3 lakhs in 1967 to 94 4 lakhs in 1973 *Whereas the number of papers rose by 41 1 per cent during* the period their combined circulation rose by 34 2 per cent

2 2 4 The number and circulation of dailies (languagewise) in 1967, 1971 and 1973 are given in the following table As the shortage of newsprint started developing since the beginning of 1972 and became particularly acute in the middle of 1973, the figures for 1971, which may be said to be the last of the years during a phase of comparative normalcy in the newsprint supply situation are quite significant and would serve as a basis for comparison for the later years when short supply and high prices of newsprint dominated the newspaper scene

TABLE II.2

Number and circulation of dailies, 1967, 1971 and 1973 (Languagewise)

Language	Number of dailies			Circulation in thousands*		
	1973	1971	1967	1973	1971	1967
English . . .	75	78	61	22,30	22,19	1,782
Hindi . . .	255	222	174	16,99	15,16	10,32
Malayalam . .	65	60	44	11,12	11,11	7,83
Marathi . . .	78	77	48	9,49	9,10	6,29
Tamil . . .	86	97	28	8,74	9,08	7,81
Gujarati . . .	34	43	38	7,48	6,33	5,33
Bengali . . .	17	15	13	5,69	5,97	4,72
Urdu . . .	92	102	83	3,91	3,76	3,62
Kannada . . .	47	39	31	3,34	3,14	2,51
Telugu . . .	14	17	14	2,31	2,37	1,98
Oriya . . .	7	7	6	94	90	76
Punjabi . . .	18	18	15	81	73	54
Assamese . . .	3	2	2	35	..	17
Sindhi . . .	5	4	5	27	21	20
Sanskrit . . .	1	1	..	02	01	..
Others . . . (including bilingual and multilingual	33	39	26	60	40	40
TOTAL . .	830	821	588	94,36	90,96	70,30

*Figures relate to a lesser number of dailies which furnished date—as explained in *Table II.1*

2.2.5 Although the largest number of papers were published in Hindi, in circulation the English dailies topped the list, distantly followed by Hindi and Malayalam dailies. It is to be noted that there was one daily in Sanskrit as well, with a circulation of about 2,000 copies only. The number of dailies in Urdu was quite large but not their circulation. There were, at the end of 1973, 33 bilingual and multilingual dailies with a combined circulation of about 60,000 copies.

2 2 6 The relative importance of English as against the Indian languages in newspaper readership in India is brought out in the following table

TABLE II 3

Circulation of dailies in English and Indian Languages

(figures within brackets indicate percentage of total circulation)

Language	Circulation (in lakhs)		Growth in circulation (1967 1973) (per cent)
	1973	1967	
English	22 30 (23 6)	17 82 (25 3)	(25 1)
Indian languages (excluding bilingual and multilingual dailies)	71 46 (75 7)	52 08 (74 1)	(37 2)
Bilinguals and multilinguals	60 (0 7)	40 (0 6)	(50 0)
TOTAL (including bilingual and multilingual dailies)	94 36 (100 0)	70 30 (100 0)	(34 2)

2 2 7 The circulation of English dailies accounted for about a fourth of the total daily circulation Whereas the overall growth in daily circulation during the period 1967 73 was 34 per cent the circulation of English dailies rose by 25 per cent and that of all Indian languages dailies by 37 per cent The number of dailies which furnished the circulation data were as follows 1973 610 1967 368

2 2 8 The growth in newspaper circulation in a few selected Indian languages between 1967 and 1973 is shown in the following table

TABLE II 4

Growth in newspaper circulation in selected Indian Languages

Language	Circulation (in lakhs)		Growth in circulation (1967 73) per cent
	1973	1967	
Hindi	16 99	10 32	64 6
Bengali	5 69	4 72	20 6
Tamil	8 74	7 81	11 9
Marathi	9 49	6 29	50 9
Malayalam	11 12	7 83	42 0

2.2.9 Although dailies in Indian languages as a whole recorded a higher rate of growth in circulation than those in English dailies some of the Indian languages like Tamil and Bengali showed a lower rate of growth 11.9 per cent and 20.6 per cent respectively than English. Newspaper circulation, however, grow phenomenally in the case of Hindi (65 per cent), Marathi (51 per cent) and Malayalam (42 per cent) during the same period.

Newspaper Circulation and Population

2.3.1 The percentage distribution of circulation of dailies (languagewise) and the percentage distribution of persons speaking the different languages are given below:

TABLE II.5

Newspaper circulation and population (Languagewise)
1973

Language	Percentage distribution of circulation of dailies (1973)	Percentage distribution of India's population (Mother-tongue 1971)
Hindi	18·1	29·67
Malayalam	11·78	4·00
Marathi	10·06	7·70
Tamil	9·26	6·88
Gujarati	7·93	4·73
Bengali	6·03	8·17
Urdu	4·14	5·22
Kannada	3·54	3·96
Telugu	2·45	8·17
Oriya	1·00	3·63
Punjabi	0·86	2·99
Assamese	0·37	1·64
Sindhi	0·29	0·31
Sanskrit	0·02	0·00
Kashmiri	..	0·44
Others (including bilingual and multilingual)	0·63	12·45